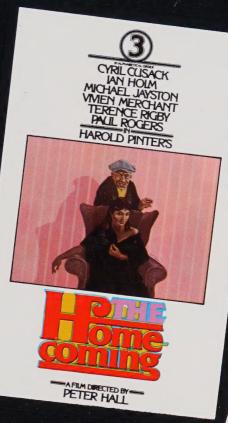
# CINEVISION LTÉE appual pepopt

FOR THE YEAR ENDED MAY 31, 1973











Hope's Last Chance Salo

are afraid to go outside and face reality. A half hour has been edited from the four-and-one-half hour orig-

inal by O'Neill's old friend Thomas Quinn Curtiss, but nobody has invented any new lines. (There are two

short Intermissions.)

unwavering power that comes from human truth deeply seen, O'Neill reveals these human beings layer by layer, bit by bit until we

know them in a profoundly affecting way, and to a degree, know them to be our-

selves. He even brings us,

somehow ominous.
Bridges projects a paly
nervous guilt as the
who has betrayed his
chist mother. Bradfor
man creates a harr
picture of drink sha

man apart.

runs to more than four hours with a two intermissions.

The massive thing is so long and standard, the tit makes "Gone With the ind", shall be climated by the common than the child's play. But it tags. "The Leeman Cometh' sings the that darkings rish black humor O'Neill's that one finds. like new catoes in dark soc, in the gloomlest lees.

in 1912, the up on one buy them o

to put first rate talent to work on first rate plays

without compromising the material — and their fideli-



#### **Board of Directors**

William Grzywacz Melvin Hoppenheim Richard I. Kaufman Joel A. Pinsky

#### Officers

Melvin Hoppenheim, President Joel A. Pinsky, Secretary Richard I. Kaufman, C.A., Treasurer

#### **Transfer Agent and Registrar**

Guaranty Trust Company of Canada Montreal, Quebec.

#### **Auditors**

Fuller Jenks Landau, Montreal, Quebec.

#### Counsel

Mendelson, Selick, Gross & Pinsky, Montreal, Quebec.

Glass, Greenberg & Irwin, New York, New York.

#### Listed

Canadian Stock Exchange, Montreal, Quebec.

Symbol—CVI

#### **Head Office**

2000 Northcliffe Avenue, Montreal, Quebec.

#### Subsidiaries

Cinevision (Ontario) Limited, 2264 Lakeshore Blvd. W., Toronto, Ontario.

Cinevision Studios Ltd., 2000 Northcliffe Avenue, Montreal, Quebec.

AFT Distributing Corporation, 1350 Avenue of the Americas, New York, New York (50% owned)

#### Investments in Film Properties

45<sup>5</sup>/<sub>6</sub>% carried interest in eight major motion pictures (see cover)

Pour recevoir ce rapport annuel en français, s'il-vous-plaît écrivez à:

Cinevision Ltée. 2000 Northcliffe Avenue, Montreal, Quebec.



#### Report to Shareholders

We are pleased to present the first Annual Report of Cinevision Ltée., and to review the results of operations for the year ended May 31, 1973, in conjunction with the current status of your Company's affairs.

#### **Operating Results**

Revenues and consolidated net earnings for fiscal 1973 set new records of \$1,217,546 and \$170,219 respectively. Earnings per share, based on the weighted average number of shares outstanding, were \$0.22. Exercise of share purchase warrants and employees' incentive stock options outstanding would not dilute the earnings per share stated herein.

For the quarter ended August 31, 1973, being the first quarter of fiscal 1974, revenues amounted to \$328,316, with net earnings of \$45,303. These results do not allow for any contribution from THE AMERICAN FILM THEATRE, as this project only commenced commercial operations at the end of October 1973. However, this trend is indicative of the continuing strength of your Company's Canadian operations, which is the leasing of motion picture cameras, lenses and related accessories, as well as lighting, power-generating and sound equipment.

### The American Film Theatre, and AFT Distributing Corporation

In December 1972, your Company entered into an agreement with the Ely Landau Organization, Inc., et al, which provided for our investment of \$2,750,000, a sum which purchased for the Company a  $45^5/6\%$  carried interest in eight film properties and a like percentage interest in the division of profits from these designated films. Subsequently, by investing an additional \$1,505,000 in AFT Distributing Corporation, the Company purchased a 50% interest in said corporation. Ely Landau, the founder of THE AMERICAN FILM THEATRE, acquired the other 50% of this Company, AFT Distributing Corporation owns the world-wide distribution rights to the eight films.

THE AMERICAN FILM THEATRE, the world's first operative "national theatre-on-film", is a project devoted to the making of motion pictures that do not play down to the lowest common denominator of the human mind. Believing that in an era in which the film market is glutted with sex, violence, racism, exploitation and outright pornography, Ely Landau determined that there was a vast segment of the public that wanted and deserved something more. THE AMERICAN FILM THEATRE is bringing masterpieces of the theatre, on film, performed by consummate artists, under the guidance of major directors, to audiences everywhere.

We are pleased to report that this project has developed as planned, and the release of the films commenced on October 29, 1973, in over 500

theatres across North America, on a limited subscription basis.

For clarification, we would like to take this opportunity to point out to our shareholders that your Company's  $45^5/_6$ % interest in the eight film properties is not limited to any monies received during this first season of THE AMERICAN FILM THEATRE. The agreements provide that your Company's interest in these properties is not finite in time, but provide that Cinevision Ltée. will continue to receive its proportionate share of all future income derived from the release of these pictures, whether it be through general release, foreign distribution, television rights, in-flight movies, or any other future commercial showing of the properties.

#### Common Stock Underwritings

As reflected on the enclosed Consolidated Balance Sheet, the net worth of your Company increased from \$151,541 to \$4,580,031 during the year ended May 31, 1973. The bulk of this dramatic increase can be accounted for by a series of equity financings completed during this past fiscal period as outlined herein. The Company's first public offering occurred in October 1972, when 600,000 common shares were sold, to yield the Company net proceeds of \$600,000. The financing of our investment of \$2,750,000 for the production of the eight major motion pictures with the Ely Landau Organization, Inc., et al, was made possible through a share offering in January 1973. Cinevision Ltée. sold 500,000 treasury shares to the public, with net proceeds to the Company of \$3,350,000. The shares offered in January 1973 were accompanied by warrants to purchase a further 525,000 common shares exercisable at \$8.00 per share up to December 31, 1973, and then at \$9.00 per share up to December 31, 1974. In February 1973, 40,000 of these share purchase warrants were exercised, which resulted in an additional \$320,000 increase to the Company's treasury.

Therefore, in summary, your Company raised in excess of four and a quarter million dollars through a series of public financings in the year ended May 31, 1973.

#### Summary

As disclosed throughout this Annual Report, the Company has committed a large portion of its assets to the production and distribution of what we believe to be a significant market in the film industry. However, as we did point out in the highlights of operating results, the historical business of the Company has, and continues to, contribute significantly to Cinevision's success.

We would like to take this opportunity to thank all of our employees, friends and business associates for their dedicated efforts in helping us reach our current level of corporate development.

Submitted on behalf of the Board

Melvin Hoppenheim President

November 15, 1973



#### **Financial Highlights**

for the year ended May 31, 1973

Results	1973	1972
		(11 months)
Revenue	\$1,217,546	\$ 604,035
Earnings before taxes	333,523	37,516
Net earnings	170,219	27,117
Weighted average earnings per share	0.22	0.13

#### Year-End Position

Working capital (negative)	2,279,551	(297,847)
Shareholders' equity	4,580,031	151,541
Common shares outstanding	1,342,100	200,000



(Incorporated under the laws of Quebec)

#### Consolidated Balance Sheet as at May 31, 1973

(With comparative figures as at May 31, 1972)

_	-	-	_	_	_
Δ	S	S	F	Т	S

ASSETS		
	1973	1972
Current:		
Cash and short-term deposits (Note 2)	\$ 793,942	\$ —
Accounts receivable	181,613	141,160
Inventories of parts and supplies at the lower of cost and net realizable value	69,628	27,230
Interest receivable	18,940	_
Income taxes receivable	4,629	_
Prepaid expenses and deposits	6,342	3,175
Investments in film properties (Note 3)	2,051,099	14,000
	3,126,193	185,565
Investment and advance (Note 4)	1,563,568	
Fixed:		
Revenue producing equipment	1,164,780	848,962
Furniture and fixtures	43,043	41,224
Leasehold improvements	27,729	26,724
At cost	1,235,552	916,910
Accumulated depreciation and amortization (Note 5)	412,405	298,572
	823,147	618,338
Other:		
Deferred charges	_	9,375
2 5151152 5112.900	\$5,512,908	\$813,278
	95,512,500	7013,270

\( \text{Approved on behalf of the Board:} \)

🗕 , Directoi

, Director

#### **LIABILITIES**

	1973	1972
Current:		
Bank indebtedness (Note 6)	\$ 395,329	\$321,184
Accounts payable and accrued liabilities	142,530	83,105
Income taxes payable		8,195
Current portion of long-term debt	_	70,928
Loan payable	200,000	_
Deferred income taxes (Note 7)	108,783	_
	846,642	483,412
Long-term debt		23,422
Due to shareholders (non-interest bearing)		108,925
Deferred income taxes (Note 7)	86,235	45,978
SHAREHOLDERS' EQUITY		
Capital stock (Note 8)	4,273,800	1,000
Retained earnings	306,231	150,541
	4,580,031	151,541
	\$5,512,908 ====================================	\$813,278



## Consolidated Statement of Earnings and Retained Earnings for the year ended May 31, 1973

(With comparative figures for the eleven months ended May 31, 1972)

	1973	1972
Earnings:		
Rental income	\$1,155,021	\$604,035
Interest income	62,525	_
	1,217,546	604,035
Operating expenses Depreciation and amortization	734,579 119,374	468,275 74,859
Interest and finance charges	30,070	23,385
	884,023	566,519
Earnings before income taxes Provision for income taxes	333,523 163,304	37,516 10,399
Net earnings for the period	\$ 170,219	\$ 27,117
Weighted average earnings per share (Note 9)	\$.22	\$.13
The number of shares used in the determination of weighted average earnings per share is	781,278	200,000
Retained earnings:		
Balance at beginning of period  Net earnings for the period  Costs of public financing (net of applicable income taxes)	\$ 150,541 170,219 (14,529)	\$123,424 27,117 —
Balance at end of period	\$ 306,231	\$150,541

## Consolidated Statement of Changes in Financial Position for the year ended May 31, 1973

(With comparative figures for the eleven months ended May 31, 1972)

	1973	1972
Source of working capital:  Net earnings for the period  Charges not requiring an outlay of funds:	\$ 170,219	\$ 27,117
Depreciation and amortization  Amortization of organization expenses	119,374 —	74,859 1,297
Deferred income taxes	40,257	7,284
Working capital provided by operations Capital stock issued for cash	329,850 4,272,800	110,557
	4,602,650	110,557
Use of working capital: Additions to fixed assets—net Repayments of shareholders loans Deferred charges Organization expenses Decrease (increase) in long-term debt—net Investment and advance Costs of public financing (net of applicable income taxes)	324,183 108,925 (9,375) — 23,422 1,563,568 14,529	185,124 5,079 9,375 387 (10,263) —
	2,025,252	189,702
Increase (decrease) in working capital	\$2,577,398	\$ (79,145)



## Consolidated Statement of Changes in Financial Position (cont'd) for the year ended May 31, 1973

(With comparative figures for the eleven months ended May 31, 1972)

The increase (decrease) in working capital is accounted for as follows:	1973	1972
Increase (decrease) in current assets— Cash and short-term deposits Accounts receivable Inventories Employee loans Interest receivable Income taxes receivable Prepaid expenses and deposits Investments in film properties	\$ 793,942 40,453 42,398 — 18,940 4,629 3,167 2,037,099	\$ — 55,446 20,279 (4,168) — — 3,175 14,000
Increase (decrease) in current liabilities— Bank indebtedness Accounts payable and accrued liabilities Income taxes payable Current portion of long-term debt Loan payable Deferred income taxes	2,940,628 74,145 59,425 (8,195) (70,928) 200,000 108,783 363,230	130,226 50,320 (14,686) 2,017 — — — — —
Increase (decrease) in working capital Working capital (deficiency) at beginning of period	2,577,398 (297,847)	(79,145) (218,702)
Working capital (deficiency) at end of period	\$2,279,551	\$(297,847) =====

#### Notes to Consolidated Financial Statements, May 31, 1973

#### 1. Principles of consolidation:

The consolidated financial statements are prepared in accordance with generally accepted accounting principles and include the accounts of its subsidiaries—Cinevision (Ontario) Limited and Cinevision Studios Ltd. All significant inter-company transactions have been eliminated.

#### 2. Cash and short-term deposits:

The cash and short-term deposits are restricted funds to be used only for the completion of the eight motion picture films referred to in Note 3.

#### 3. Investments in film properties:

The Company has invested \$2,747,488 (\$2,750,000 U.S.) for a 45<sup>5</sup>/<sub>6</sub>% interest in eight motion picture film properties, presently being produced. Of this investment \$1,953,546 has been advanced as at May 31, 1973 and has been included in "Investments in film properties". The remaining balance of \$793,942 is represented by cash and short-term deposits. (restricted as outlined in Note 2).

The Company's right to recover its investment is subordinated to the recovery of the investment by the producer and is payable only out of "Producer's Share of Gross Receipts"

The Company has not established an amortization policy with respect to the films as distribution has not commenced. Although unamortized costs of the film properties may not be realized in one year, they have been classified as a current asset in accordance with industry practice as at May 31, 1973.

#### 4. Investment and advance:

The Company owns 50% of the capital stock of AFT Distributing Corporation, a U.S. corporation which maintains sole distribution rights to the eight motion picture film properties described in Note 3. In addition, the Company has advanced \$1,500,844 (\$1,500,000 U.S.) to the distribution company of which \$1,000,000 is due January 26, 1975 and bears interest at 1½% over the prevailing U.S. prime rate with the remaining \$500,000 at 2% over the prevailing U.S. prime rate. The \$1,000,000 with interest thereon is subordinated to the distribution company's bankers. The \$500,000 with interest thereon is secured by assignment of the producers right, title and interest in and to "Producer's Share of Gross Receipts" and is subordinated to the producer's bank loans with interest thereon.

#### 5. Depreciation and amortization:

Depreciation and amortization is computed on the diminishing balance method at rates based upon the estimated lives of the assets as follows:

Revenue producing equipment (excluding mobile units)	10%
Mobile units	30%
Furniture and fixtures	20%
Leasehold improvements	20%

#### 6. Bank indebtedness:

The bank indebtedness is secured by an assignment of the accounts receivable, security given pursuant to Section 88 of the Bank Act and a floating charge of \$1,000,000 on all other assets.

#### 7. Deferred income taxes:

#### Current-

Deferred income taxes result from claiming amortization on investments in film properties for income tax purposes.

#### Long-term-

Deferred income taxes result from providing less depreciation and amortization on fixed assets in the accounts than claimed for income tax purposes.



#### Notes to Consolidated Financial Statements, May 31, 1973 (cont'd)

#### 8. Capital stock:

#### (a) Authorized

Supplementary letters patent dated August 17, 1972 subdivided the capital stock of the Company from 1,000 common shares of \$1 par value to 200,000 common shares without nominal or par value, increased the authorized capital stock to 1,000,000 common shares without nominal or par value, the aggregate value not to exceed \$1,000,000 and annulled the authorized and unissued 39,000 1% non-cumulative redeemable preferred shares of \$1 par value. Supplementary letters patent dated December 29, 1972 further increased the authorized capital stock of the company from 1,000,000 common shares without nominal or par value to 5,000,000 common shares without nominal or par value and, the aggregate value for which shares could be issued was increased from \$1,000,000 to \$5,000,000. On January 16, 1973 the directors of the Company adopted a resolution increasing the aggregate value for which such shares could be issued from \$5,000,000 to \$9,000,000.

#### (b) Issued and fully paid

,	Shares	Amount
Balance May 31, 1972	1,000	\$ 1,000
Subdivided shares, August 17, 1972	199,000	_
	200,000	1,000
Shares issued for cash, October 17, 1972	600,000	600,000
Shares issued for cash, January 4, 1973	500,000	3,350,000
Warrants exercised	40,100	320,800
Options exercised	2,000	2,000
	1,342,100	\$4,273,800

#### (c) Stock option plan

The Company has granted certain employees, officers and directors, options to purchase from the Company 40,000 shares of the capital stock at \$1 per share exercisable at a maximum of 8,000 shares per annum for the years 1973 to 1977.

The optionees may exercise in a subsequent year any portion of the options not exercised in the previous years. The options are valid only as long as the optionee is an officer, director or employee of the Company or its subsidiaries.

As at May 31, 1973 there were 38,000 stock options outstanding.

#### (d) Warrants

Warrants to purchase 525,000 common shares were issued in connection with an Underwriting Agreement dated January 4, 1973. The warrants are exercisable at \$8 per share to December 31, 1973 and \$9 per share to December 31, 1974.

At May 31, 1973 there were 484,900 warrants outstanding.

#### 9. Earnings per share:

The effect on the earnings per share would be anti-dilutive if the 484,900 warrants and 38,000 stock options had been exercised during the year, and the funds received therefrom invested at a 7% rate of return. (3½% net of applicable income taxes).

#### 10. Commitments:

- (a) The Company and a subsidiary have entered into lease agreements maturing in 1973 and 1974. Annual rentals under these lease agreements aggregate approximately \$30,500.
- (b) The Company and a subsidiary have executed two five-year employment contracts expiring in 1977, totalling \$55,000 per annum with annual increases of \$5,500 commencing in 1973.
- (c) The Company has executed a three-year consulting agreement for \$12,000 per annum commencing November 1972.

#### **Auditors' Report**

To the Shareholders of Cinevision Ltée

We have examined the consolidated balance sheet of Cinevision Ltée and its subsidiaries as at May 31, 1973 and the consolidated statements of earnings and retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

The investment in film properties and the investment and advance are shown at cost (see Notes 3 and 4). Their ultimate realization is dependant upon the successful distribution and acceptance of the films.

In our opinion, subject to the realization of the investments and advance, these consolidated financial statements present fairly the financial position of the companies as at May 31, 1973 and the results of their operations and changes in financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Chartered Accountants

Fuller Jenks Landau

Montreal, Quebec

July 13, 1973.

Paul Rogers is simply stupendous.....a adult films that will give adult films a good name again. MARY KNOBLAUCH, CHICAGO TODAY

.. Equal to the source material both in power and profundity.....the st is superb to a man...and a woman, Vivien Merchant... GENE SISKEL, CHICAGO TRIBUNE

Katharine Henburn defended the reputation of American Actors in a recetn Cave interview, and The Iceman Cometh is thrilling proof of that defense. There i a bad performance in the Whole movie, and Robert Ryan, Fredric March and Jeff Bridges give the kind of performances that have made English actors legendary HOLLYWOOD REPORTER

e Homecoming is nothing less than superb. ceptional....Halls' direction is flawless

tine a Homecomina as money is able to buy. rection the filmed performance is as vigour inesitive as anyone could desire. The actin dominating the stage with his performance

 $_{
m g}$  Buccess.....the whole cast of six is su as Max....

been given a solid, straightforward render The professionalism that pervades A Delic ality for The American Film Theatre and th

in its initial series. KEN BARNARU, DETF

A DELICATE BALANCE

Bridges .....

n a year curiously devoid of even one blockbuster, there emerges the erfectionism of the AFT's A Delicate Balance....thrillingly acted and rected into a masterwork of film. Katharine Hepburn at her best.

CANDICE RUSSELL, MIAMI HERALD

highly commendable version of one of the great plays ..Fredric March is excellent, also notable are Robert

his fall, in some 400 communities across our country, the houselights will dim and the curtain rise on a new era in motion pictures. World famous actors, playwrights and directors have joined in an uncommon enterprise: to bring the great plays of Broadway and London on film to men and women everywhere.

We invite you to take part in

MARVELOUS

A SUBSCRIPTION SERIES OF EIGHT. TWO EVENING AND TWO MATINEE PERFORMANCES EVERY MONTH, OCTOBER THROUGH MAY.

Perhaps the areatest thesis play of the given a straightforward, faithful produc understanding to Larry's weakness that th is superb.....

Stunningly translated to the screen.... direction uncanny.....tnis is a glorious

The camera become the perfect tranmitte atmosphere, push for impact, dolly aroun O'Neill's superb creation to flow round within the claustrophobic shuttered stale

A handsomely mounted production....Robe Harry is superb.....Jeff Bridges is a b despair and hope.... Bradford Dillman's the experience is very special.....

 $\dots$ stark, anguished, eloquent $\dots$ this is the best 0'Neill on film. has begun extraordinarily well...a solid achievement.... KEVEN KELLY, BOSTON GLOBE

The Iceman Cometh is magnificent, engrossing, a once in a lifetime chance to see great theatre tranposed to the screen.....

JEFFREY LYONS, WPIX TV, NEW YORK

FRANCES HERRIDGE, NEW YORK POST

Paul Scofield is superb as Tobias....Katharine Hepburn, all that Albee must have dreamed of. A Delicate Balance is a delicate triumph.... GEORGE ANTHONY, TORONTO SUN





Movie by Albee 'Delicate Balance' Truly Brilliant

By GREGORY JAYNES
Constitution's Americans Entire
Someone should herreticalseal a print of "A Delicate
liseal a print of "A

to support the effor certainly included major AFT advertipaigns and the city is

take too much space to pass along the better, longer lines, but here are some succinct

Scofield, fretting over a scoffield, fretting over old house crowded with old friends who have come to live friends who have come to live friends who have come to live friends when the scometimes when it all gathers sometimes when it all gathers sometimes when it all gathers with the scome of the score of the scor

What is their relationship to each other? What is this 'Homecoming'

By EDWARD L. BLANK Press Drama Editor Playwright Harold Pint can be fascinating and maddening at once. His characters and dramatic situations full an audience into

ofrapt attention.

dengities in law [wife], hear ma?," he eries.

New York Desses Crit cle and Tony awards cle and Tony awards
best dramatic play or
way. It is likely to a
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It's as Fine a 'Homecoming'

As Money Is Able to Buy

hows is a person of the play o

ma is guaranteed to test the appeal, if not the value, of appeal, if not the value, of 4-J-THE SUNDAY NEWS-Detroit, Nov. 11, 1973

'The Iceman Cometh'

Faithful to O'Neill's m

By KEN BARNARD

drinks on Hickey and a ser taking however brief notice Harry sometimes sets up their eliowship. but such a wretchedness and hostility Fredric March as Harry so portrait of a man befouled be conceal under professions of years before.

Larry's self-deceiving pose of the reluctantly discerns who come to H

The Homecoming opens

mate secured is, hanging back, waiting for that one scene, known as "Tobias' Aria," and when he finally lets go, watch out, Even Miss Hepburn in all her glory could not match this one performance. There are others in the film - Joseph Cotten, Lee Remick, Kate Reid—who give ly good showings dwarfed by the sh Hepburn and Scofield

BERICAN FILM THEATER'S 'A DELICATE BALANCE

elicate Balance

explodes in an emotional flood-near the end of the work.

Throughout the film we know that Scofield is hanging back.

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If one were lo errors, the film cou ed for occasional lighting and photo these blemishes and ciently pronounced the film.

It is not a casu and audiences wh Monday night walk away feeling

as the quies-tantly Ely Landau

STAGE REVIEW BY DAN SULLIVAN

areas, such a Diego, La Joll mond Heights. Tenn.. Cambride Francisco, Beve

I was a little wary about the American Film
Theater, Great plays on the screen, indeed what
else had the movies been promisely usince about
Taming of the Shrew, which additional dialog by
I also wondared school top.

Sam Taylor.

I also wondered where AFT's publicists got the
extraordinary idea that American audiences these
worthwhile playe, "are generally unable to see
York," Anybody's, expense by worting to see

the gimmes, the gi The American Film Theater today lounches its unique subscription series of eight new films drawn from more contemporary plays, Largely financed by Marrican Exmore than 500 theater series at a monthly intervals in CNBI with John Frankenheimer's Version of Eugene critics, and the U.S. The series Opens are parallel reports from The Times' movie and draws.

By WILLIAM GALLO

News Film Critic
Number of the American Film Theatre (AFT), Ellip
Norks of the Contemporary theater.
Nore

MOVIE REVIEW

BY CHARLES CHAMPLIN "No play is too long that

WRIGHT

